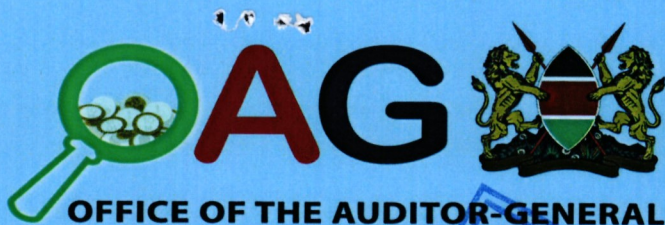


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**EAST AFRICA SKILLS TRANSFORMATION  
AND REGIONAL INTEGRATION  
PROJECT (EASTRIP) GRANT/CREDIT  
NO.IDA 6334 – KE**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

**KISUMU NATIONAL POLYTECHNIC**

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OF KENYA  
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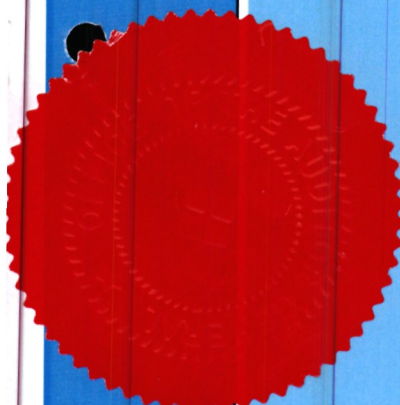
THE NATIONAL ASSEMBLY  
PAPERS LAYD

DATE: 10 FEB 2022

TABLED BY: LOM

CLERK-AT-THE-TABLE: B. INZORI

DAY: Thurs





THE WORLD BANK



**EASTRIP**  
Skills for Transformation & Regional Integration

**Project Name:** EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP)

**Implementing Entity:** THE KISUMU NATIONAL POLYTECHNIC

**PROJECT GRANT/CREDIT NUMBER:** 6334-KE



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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021**

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**Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)**

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**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Name:** The project's official name is East Africa Skills for Transformation and Regional Integration Project (EASTRIP)

**Objective:** The key objective of the project is to increase the access and improve the quality of TVET programs in selected Regional Flagship TVET Institutes and to support regional integration in East Africa.

**Address:** The project headquarters office is in Kisumu County, Kenya.  
The address of its registered office is P. O. Box 143 – 40100 Kisumu

**Contacts:** The following are the project contacts

Telephone: (+254) 723 446 773.

E-mail: [info@kisumupoly.ac.ke](mailto:info@kisumupoly.ac.ke)

Website: [www.kisumupoly.ac.ke](http://www.kisumupoly.ac.ke)

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.2 Project information**

Project Start Date:	The project start date is 01/01/2020
Project End Date:	The project end date is 31/12/2024
Project Manager:	The project Coordinator is Dr. Charles Asaka Nyangara
Project Sponsor:	The project sponsor is World Bank

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education – State Department of Vocational and Technical Training
Project number	6334-KE
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <p>(a) Students enrolled in selected Regional Flagship TVET Institutes and their partner institutions (non-project TVET institutes) in the country and across the region</p> <p>(b) Employers and targeted industries who will have access to a skilled workforce matched with their needs and standards.</p> <p>(c) Faculty and staff from the selected Regional Flagship TVET Institute whose academic, technical, management, and pedagogical skills will be upgraded and who will function in an improved teaching environment with upgraded facilities and can exchange knowledge and staff with other EASTRIP flagship TVET institutes and countries.</p> <p>(d) Students, faculty, and staff in non-project TVET institutes partnering with the selected flagship TVET institutes who will benefit from knowledge sharing in good TVET management, program development, and instructional practices and from sharing of standards, curriculum, and training facilities</p> <p>(e) Public and private TVET institutes within the East Africa region that will have access to a network of specialized trainers, a framework of core curricular competencies, quality assurance standards, and state-of-the-art facilities for up-to-date training of the workforce in priority sectors in the region.</p>

**East Africa Skills for Transformation and Regional Integration Project (EASTRIP)**  
**Reports and Financial Statements**  
**For the year ended 30 June 2021**

<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Strengthening governance and management.</li> <li>(ii) Institutionalizing industry links.</li> <li>(iii) Developing market relevant competency-based training programs.</li> <li>(iv) Training of TVET managers and teachers.</li> <li>(v) Upgrading key training facilities and equipment.</li> <li>(vi) Outreach and support for non-project national TVET institutes.</li> </ul>
<p>Other important background information of the project</p>	<p>By improving the capacity of flagship TVET institutes and expanding the pool of qualified skilled labour in the growing economic sectors, the project will contribute to the high-level objectives of poverty alleviation and economic growth for the participating countries and for the East Africa region. It will also promote regional integration through supporting the regional corridor and sector markets, developing common standards and qualifications, and promoting mobility of students, faculty, and graduates. It is fully aligned with (a) the World Bank’s twin goals of “ending extreme poverty and boosting shared prosperity in a sustainable manner” and (b) the World Bank’s Africa Strategy: to strengthen competitiveness and employment through the production of quality high-skilled human resources in priority growth sectors. The project is also part of the Africa Region’s new Regional Integration Strategy, which emphasizes rebalancing support for ‘hard’ and ‘soft’ infrastructure, addressing barriers to integration in identified priority areas and accelerating private sector leveraging. EASTRIP is aligned with the Country Partnership Frameworks for Ethiopia, Tanzania and Kenya and directly supports strategic focus related to enhancing productivity and accelerating equitable and sustainable growth, boosting human capital and social inclusion, and modernizing and improving efficiency of public institutions.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Governance and Management Enhancement</li> <li>(ii) Skills Training and Transfer</li> </ul>
<p>Project duration</p>	<p>The project started on 1<sup>st</sup> January, 2020 and is expected to run until 31<sup>st</sup> December, 2024</p>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.4 Bankers**

The following are the bankers for the current year:

Kenya Commercial Bank Limited.

Kisumu Branch

Oginga Odinga Street

**AC. NO: 1266955216**

**1.5 Auditors**

The project is audited by the office of the Auditor General Office.

**1.6 Roles and Responsibilities**

The project management team and their responsibilities are as follows:-

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Catherine Kelonye	Project Manager	MEd Curriculum & Instruction	Overall Management
Charles Nyangara	Project Director	PHD (Strategic Planning)	Overall management and supervision Long range strategic planning Decision making
Beatrice Abura	Deputy Project Director	MA Commercial Industrial Art and Design (Textile Design)	Technical Coordination
Linda Ayuku	Deputy Principal -Academics/ Gender and Environment Focal Person	B Tech Electrical Engineering	Coordination of Gender and Environmental Issues
Milton Omollo	Supply Chain Focal Person	BLSCM (Logistics and Supply chain Management)	Supply Chain Management
Thomas O. Nyang'or	Monitoring and Evaluation Focal person	Certified M&E. Dip. Technical Education.	M&E coordination
Evans Onyango	Industry and strategic partnership Focal person	MSC (Information Technology ,Security & Audit)	Coordination of industry and strategic partners

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)  
Reports and Financial Statements  
For the year ended 30 June 2021*

Monica Mmbasu	Project Accountant	Bcom, CPA (K)	Project bookkeeping and accounting
Salim Ramadhan	Industry Advisory Board (IAB) Chairperson	Textile Technology	Chairing IAB Meetings and activities

### 1.7 Funding summary

The Project is for duration of five years from 2020 to 2025 with an approved budget of EUR € 9,280,000 (use donor currency) equivalent to Kshs. 1,080,000,000 as highlighted in the table below:

Below is the funding summary:

#### A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June, 2021)		Undrawn balance to date (30 <sup>th</sup> June, 2021)	
	Donor currency (EUR)	KShs	Donor currency (EUR)	KShs	Donor currency ((EUR)	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>1.Loan</b>						
IDA Loan	9,280,000	1,080,000,000	2,715,517	315,000,000	6,564,483	765,000,000
<b>Total</b>	<b>9,280,000</b>	<b>1,080,000,000</b>	<b>2,715,517</b>	<b>315,000,000</b>	<b>6,564,483</b>	<b>765,000,000</b>

Rate is 1Euro against Kshs.116

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. Application of Funds**

Application of funds	Amount Received to date 30 <sup>th</sup> June 2021		Cumulative amount paid to date – (30 <sup>th</sup> June, 2021		Unutilized balance to date (30 <sup>th</sup> June, 2021	
	<i>Donor currency (EUR)</i> <i>(A)</i>	<i>KShs</i> <i>(A')</i>	<i>Donor currency (EUR)</i> <i>(B)</i>	<i>KShs</i> <i>(B')</i>	<i>Donor currency ((EUR)</i> <i>(A)-(B)</i>	<i>KShs</i> <i>(A')-(B')</i>
<b>1.Loan</b>						
IDA Loan	2,715,517	315,000,000	931,538	108,058,405	1,783,979.27	206,941,595
<b>Total</b>	<b>2,715,517</b>	<b>315,000,000</b>	<b>931,538</b>	<b>108,058,405</b>	<b>1,783,979.27</b>	<b>206,941,595</b>

**1.8 Summary of Overall Project Performance:**

The Budget performance against actual amounts for current year is 77%.

The project has achieved the following outputs;

- Evaluation of tenders for Construction works is in final stages
- Development of six competency-based curricula is ongoing.
- Six occupational standards developed
- Four staff sent to industrial attachment
- One Tracer study system developed
- One tracer study survey conducted
- MOU with four Strategic Partners
- Three local bench marking conducted
- Skills competition held
- Outreach visits conduct to six National Non Project TVET institutions.

**1.9 Summary of Project Compliance:**

The Project complied with all the laws and regulations as required. We have not had any cases of noncompliance.

## 2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

### Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The Project Development Objective (PDO) is to increase the access and improve the quality of TVET programs in selected Regional Flagship TVET Institutes and to support regional integration in East Africa.

The project supports the development of highly specialized TVET programs as well as industry-recognized short-term certificate level training. It will train technicians and provide training of teachers/trainers at the certificate, diploma and degree levels, targeting regional priority sectors in textile technology value chain. The PDO will be achieved through complementary interventions at three different levels, including institutes, national, and regional levels.

### Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives

Project	Objective	Outcome	Indicator	Performance
	1. To strengthen governance and management	Project Implementation Unit (PIU) established and operationalized	% of PIU position filled and operational	All 7 positions in the PIU were filled and secretariat operationalized.
		Improved Leadership Capacity	No of Managers attending capacity building sessions	Management staff have undergone various short courses in various institutions.
		Operational Policies and Procedures	No of New or revised policies made	Twelve reviewed and approved.

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Reports and Financial Statements*  
*For the year ended 30 June 2021*

	2. Institutionalizing industry linkages	Strategic relationship with industry players and stakeholders established	Memorandum of Agreement (MOAs) signed with industries and partner institutions	Four MOAs with clear obligations were signed with industry and partner organizations
	3. To develop and approve Industry Responsive and competency-based programmes	Increased number both short- and long-term industry responsive and competency-based programmes developed, accredited and implemented	Number of demand-driven programs developed and accredited	Six long term programs and occupational standards developed.
	4. To train school managers and teachers	Efficient and Effective School Managers and teachers	Percentage of teaching staff in flagship TVET institutions who have industrial attachment.	In the FY 2020/2021, no trainer was able to proceed to industrial attachment due to COVID-19 pandemic challenges.
	5. To upgrading key training facilities and equipment	Effective learning infrastructure in use.	% completion of Planned construction works. % delivery and installation of learning equipment	In FY 2019/2020, a firm was procured and is in the process of designing the institute construction and another hired to identify learning, testing and production equipment.
	6. To outreaching and support for non-project national (NPN) TVET	7 NPN TVETS engaged	No of NPN TVETS engaged. No of activities conducted with NPN TVET	In FY 2020/2021 international skills competition conducted where 6 NPN TVET participated

## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The Kisumu National Polytechnic exists to transform lives through Industry Responsive and competency based Training and Research. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five critical success factors in the TKNP strategic Plan: Trainee Achievement, Access and articulation, Research and Innovation, Resource management, Quality Assurance, and excellent Industry and stakeholder relations. Below is a brief highlight of our achievements in each TKNP strategic Change Objective

### **I. To enhance access, flexibility, and responsiveness to quality TVET training to meet the changing training needs of the trainees and the community.**

Based on the Current TVET policy, TKNP is developing and implementing market driven competency based programmes that are responsive to community needs and workforce demands. In collaboration with TVETA and CDACC, 95% of trainers have been trained on development and delivery of these curricula. The Polytechnic is also in the process of expansion of learning opportunities for electronic access to instructional delivery. Trainee satisfaction is also being improved with the provision of trainee services in course registration, financial aid, and academic advisory. The key challenges experienced is the inadequate number of trainers compared to the number of trainees. However, there has been over 18% increase in number of employees and over seven competency-based courses have been launched.

### **II. Strengthen mobilization and management of resources for sustainability**

The polytechnic is committed to expanding and diversifying its revenue base. To do this it will leverage on technology to streamline administrative processes and reduce the percentage of budgeted expenditures for overhead functions. The polytechnic is also keen on commercializing its invention and is the process of developing an income generation policy.

### **III. Provide the necessary human, financial, physical, and technological resources to position TKNP as a Centre of excellence**

The Initiatives to be employed under this include strengthen staff capacity by exposing them to various trainings and workshops, improving work environment, expanding existing ICT infrastructure to address e-learning requirements, enhancing physical and technological infrastructure, facilitate regional integration initiatives, complying and conforming to relevant ISO standards, establishing a Corporate Social Responsibility (CSR) policy for the institution and establish alumni database and conducting annual tracer studies.

As part of its corporate social responsibility, the polytechnic maintains the Boda Boda shades it built for both riders and public around the main Gate. During this financial year, the polytechnic planted trees at Joyland a school for persons with disabilities.

**IV. Foster partnerships with the local and global communities to promote quality in Research, innovations development and strategic partnerships**

The Kisumu National Polytechnic endeavours to promote and develop innovations capacity, culture and advocacy of its staff and trainees. This it does by holding internal and participating in external trade fairs, competitions, shows and conferences. In the FY 2020/2021, TKNP held the third international multi-disciplinary conference and skills competition. This activity attracted in industry stakeholders, Vocational Training Centres, Research institutions and Universities. The polytechnic signed more than five memorandum of agreements with stakeholders including the County Government of Kisumu

**V. Promote an institutional culture that values gender inclusivity and environmental sustainability**

Under the gender committee and the persons with disability committee TKNP intends to strengthen gender responsive training and learning environment. Currently the current gender staff ratio is 2: 3 (female to male). 3,000 trees were planted in this financial year to promote a culture of environmental consciousness

#### **4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Governing Council, and the Principal Kisumu National Polytechnic and the Centre Director for **EASTRIP Project** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the period ended 30<sup>TH</sup> June 2021. This responsibility includes: (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Project; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Governing Council, The Principal, Kisumu National Polytechnic and the Centre Director for **EASTRIP Project** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Governing Council, The Principal, Kisumu National Polytechnic and the Centre Director for **EASTRIP** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the period ended 30<sup>th</sup> June , 2021, and of the Project's financial position as at that date. The Principal, Kisumu National Polytechnic and the Centre Director for **EASTRIP** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Governing Council, The Principal, Kisumu National Polytechnic and the Centre Director for **EASTRIP** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial period were used for the eligible purposes for which they were intended and were properly accounted for.

#### **Approval of the Project financial statements**

The Project financial statements were approved by The Principal, Kisumu National Polytechnic and the Project Director for **EASTRIP Project** on 30<sup>th</sup> June 2021 and signed by them.


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**Chief Principal**  
Catherine K. Kelonye



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**Project Coordinator**  
Asaka Nyangara



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**Project Accountant**  
Monica Mmbasu  
ICPAK Member No. 23510

# REPUBLIC OF KENYA

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*Enhancing Accountability*

**HEADQUARTERS**  
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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA SKILLS TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP) GRANT/CREDIT NO.IDA 6334 - KE FOR THE YEAR ENDED 30 JUNE, 2021 - KISUMU NATIONAL POLYTECHNIC**

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of East Africa Skills Transformation and Regional Integration Project (EASTRIP) Grant/Credit No. IDA 6334 - KE set out on pages 1 to 23, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of East Africa Skills Transformation and Regional Integration Project (EASTRIP) as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis Basis) and comply with the terms of the Financing Agreement Grant/Credit No. IDA-6334 - KE dated 18 December, 2018 between the International Development Association and the Republic of Kenya and the Performance Financing Agreement between the Government of the Republic of Kenya and Kisumu National Polytechnic dated 14 June, 2019 and the Public Finance Management Act, 2012.

### Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of East Africa Skills Transformation and Regional Integration Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### Other Matter

#### 1. Budgetary Control and Performance

##### 1.1 Budget Performance

During the year under review, the project had a final budget of Kshs.299,233,337 to implement various activities out of which only Kshs.89,549,031 was expended resulting

to under absorption of Kshs.209,684,306 or approximately 70% of the approved budget as shown below:

Expenditure Item	Final Budget (Kshs)	Actual Expenditure (Kshs)	Under Absorption (Kshs)	Under Absorption %
Operational Secretariat	27,839,387	10,437,857	17,401,530	63
Benchmarking	5,804,900	2,372,245	3,432,655	59
Workshops and Seminars	38,599,050	13,688,996	24,910,054	65
Institutionalizing Industry Linkages	22,590,000	7,729,794	14,860,206	66
Competency Based Training	29,000,000	22,855,435	6,144,565	21
Training of School Managers and Trainers	32,500,000	-	32,500,000	100
Upgrading key training facilities and equipment	129,020,000	29,731,704	99,288,296	77
Outreach and Support to TVETs	13,880,000	2,733,000	11,147,000	80
<b>Total</b>	<b>299,233,337</b>	<b>89,549,031</b>	<b>209,684,306</b>	<b>70</b>

Although the Management attributes the under absorption to COVID-19 which slowed down the activities of the project, the management has not provided measures being put in place to ensure that the planned activities that were not implemented are taken care of so that the project achieves its objectives as planned.

## 1.2 Unauthorised Expenditure - Lack of an Approved Annual Workplan & Budget

During the year under review, the Management implemented the project without an approved annual work plan. The documents provided during the audit to support the workplan approvals indicated that the Board of Management signed off the Annual Work plan for 2020/2021 financial year on 9 September, 2021 which was more than two months after the end of financial year and after the implementation had been undertaken for the whole year. Further, as at the time of this audit in October, 2021, the same plan had not been approved by the National Project Steering Committee as required by Section I B of Schedule 2 of the Financing Agreement. Although the Management has explained that the delay in signing of the annual workplan was due to the delay in the constitution of the National Steering Committee, there is no evidence that the activities to be implemented were agreed on between the Kisumu National Polytechnic and the Financier as required by Section IB (2) of Schedule 2 of the Financing Agreement.

### Other Information

The Management are responsible for the other information, which comprises project information and overall performance, the statement of performance against project pre-determined objectives, statement of corporate social responsibility/sustainability reporting and the statement of management' responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association and the Project Grant/Credit Number IDA-6334-KE, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by East Africa Skills Transformation and Regional Integration Project (EASTRIP), so far as appears from the examination of those records; and,

- iii. The Project's financial statements are in agreement with the accounting records and returns.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**23 December, 2021**

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**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021**

	Note	FY 2020/2021		Total	FY 2019/2020		Total	Cumulative to date
		Receipts and payments controlled by the entity	Receipts and Payments made by third parties		Receipts and payments controlled by the entity	Receipts and Payments made by third parties		
		Kshs	Kshs		Kshs	Kshs	Kshs	
<b>RECEIPTS</b>								
World Bank Receipts	1	115,000,000	-	115,000,000	200,000,000	-	200,000,000	315,000,000
<b>TOTAL RECEIPTS</b>		<b>115,000,000</b>	<b>-</b>	<b>115,000,000</b>	<b>200,000,000</b>	<b>-</b>	<b>200,000,000</b>	<b>315,000,000</b>
<b>PAYMENTS</b>								
Purchase of goods and services	2	89,549,031	-		6,361,543	-	6,361,543	95,910,574
Acquisition of Non-financial Assets	3	561,400	-		11,405,120	-	11,405,120	11,966,520
<b>TOTAL PAYMENTS</b>		<b>90,110,431</b>	<b>-</b>	<b>90,110,431</b>	<b>17,766,663</b>	<b>-</b>	<b>17,766,663</b>	<b>107,877,094</b>
<b>SURPLUS/DEFICIT</b>		<b>24,889,569</b>	<b>-</b>	<b>24,889,569</b>	<b>182,233,337</b>	<b>-</b>	<b>182,233,337</b>	<b>207,122,906</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

\_\_\_\_\_  
Chief Principal  
Catherine K. Kelonye

  
\_\_\_\_\_  
Project Coordinator  
Asaka Nyangara

  
\_\_\_\_\_  
Project Accountant  
Monica Mmbasu  
ICPAK Member No.23510

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)  
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**7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021**

	Note	FY 2020/2021	FY 2019/2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	4.1	207,122,906	182,113,627
Cash Balances	4.2	-	119,710
Cash and Cash Equivalents (Short term deposits)			
<b>Total Cash and Cash equivalents</b>		<b>207,122,906</b>	<b>182,233,337</b>
Accounts Receivable			
<b>TOTAL FINANCIAL ASSETS</b>		<b>207,122,906</b>	<b>182,233,337</b>
<b>FINANCIAL LIABILITIES</b>			
Payables – Deposits and Retentions			
<b>NET ASSETS</b>		<b>207,122,906</b>	<b>182,233,337</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	5	182,233,337	
Prior year adjustments	6		
Surplus / (deficit) for the year		24,889,569	182,233,337
<b>NET FINANCIAL POSITION</b>		<b>207,122,906</b>	<b>182,233,337</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27/9/2021 2021 and signed by:

\_\_\_\_\_  
**Chief Principal**  
 Catherine K. Kelonye

  
 \_\_\_\_\_  
**Project Coordinator**  
 Asaka Nyangara

  
 \_\_\_\_\_  
**Project Accountant**  
 Monica Mmbasu  
 ICPAK Member No.23510

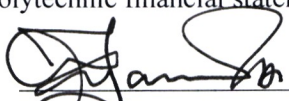
*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)  
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**8. STATEMENT OF CASHFLOW FOR THE PERIOD 30 JUNE 2021**

	Note	2020- 2021	2019- 2020
		Kshs	Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
World Bank Receipts	1	115,000,000	200,000,000
<b>Payments for operating activities</b>			
Compensation of Employees			
Purchase of goods and services	2	(89,549,031)	(6,361,543)
<b>Adjustments during the year</b>			
Prior year adjustments			
Decrease/Increase in accounts receivables			
Increase/decrease in accounts payables			
<b>Net cash flow from operating activities</b>		<b>25,450,969</b>	<b>193,638,457</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Non-financial Assets	3	(561,400)	(11,405,120)
<b>Net cash flows from Investing Activities</b>		<b>(561,400)</b>	<b>(11,405,120)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Proceeds from Foreign Borrowings</b>			
<b>Net Cash flow from Financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>24,889,569</b>	<b>182,233,337</b>
Cash and Cash equivalent at the BEGINNING of the year		182,233,337	-
Cash and Cash equivalent at the END of the year		<b>207,122,906</b>	<b>182,233,337</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisumu National Polytechnic financial statements were approved on and signed by:

\_\_\_\_\_  
**Chief Principal**  
Catherine K. Kelonye

  
\_\_\_\_\_  
**Project Coordinator**  
Asaka Nyangara

  
\_\_\_\_\_  
**Project Accountant**  
Monica Mmbasu  
ICPAK Member No.23510

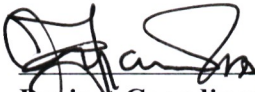
*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)  
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**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Consolidated	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Utilization Variance	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c%
<b>Receipts</b>						
World Bank Receipts	117,000,000	182,233,337	299,233,337	115,000,000	184,233,337	38%
<b>Total Receipts</b>	<b>117,000,000</b>	<b>182,233,337</b>	<b>299,233,337</b>	<b>115,000,000</b>	<b>184,233,337</b>	<b>38%</b>
<b>Payments</b>						
Operational secretariat	26,540,000	1,299,387	27,839,387	10,999,257	16,840,130	40%
Benchmarking	4,000,000	1,804,900	5,804,900	2,372,245	3,432,655	41%
Workshops and Seminars	37,700,000	899,050	38,599,050	13,688,996	24,910,054	35%
Institutionalizing Industry Linkages	17,000,000	5,590,000	22,590,000	7,729,794	14,860,206	34%
Competency based Training	10,000,000	19,000,000	29,000,000	22,855,435	6,144,565	79%
Training of school managers and trainers	11,000,000	21,500,000	32,500,000	-	32,500,000	0%
Upgrading key training facilities and equipment	2,300,000	126,720,000	129,020,000	29,731,704	99,288,296	23%
Outreach and Support to TVETs	8,460,000	5,420,000	13,880,000	2,733,000	11,147,000	20%
<b>Total Payments</b>	<b>117,000,000</b>	<b>182,233,337</b>	<b>299,233,337</b>	<b>90,110,431</b>	<b>209,122,906</b>	<b>30.11</b>

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.

\_\_\_\_\_  
**Chief Principal**  
 Catherine K. Kelonye

  
 \_\_\_\_\_  
**Project Coordinator**  
 Asaka Nyangara

  
 \_\_\_\_\_  
**Project Accountant**  
 Monica Mmbasu  
 ICPAK Member No.23510

## **10. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### **10.1 Basis of Preparation**

#### **10.2 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

#### **10.3 Reporting entity**

The financial statements are for the East Africa Skills for Transformation and regional Integration (EASTRIP) Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

##### **10.3.1 Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

## **10.4 Significant Accounting Policies**

### **1. Recognition of receipts**

The Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

#### **i. Transfers from the Exchequer**

Transfer from Exchequer is to be recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

#### **ii. External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

#### **iii. Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

**3. Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

**4. Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

**5. Recognition of payments**

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

**i) Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

### **iv) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

## **6. In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

## **7. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### **Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **8. Accounts receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

### **9. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

### **10. Contingent Assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **11. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

### **12. Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

### **13. Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

### **14. Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. Comparative figures**

Where necessary comparative figures for the previous financial year/period have been amended or reconfigured to conform to the required changes in financial statement presentation.

**16. Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the period ended June 30, 2021.

**17. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i.e. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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*For the year ended 30 June 2021*

**11. NOTES TO THE FINANCIAL STATEMENTS**  
**1. RECEIPTS FROM GOVERNMENT OF KENYA**

These represent counterpart funding and other receipts from government as follows:

	2020/21	2019/20	Cumulative to- date(from inception)
	KShs	KShs	
<i>Counterpart funding through Ministry</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
<b>Total</b>	-	-	-
<i>Grants Received from Bilateral Donors (Foreign Governments)</i>			
World Bank	115,000,000	200,000,000	315,000,000
<b>Total</b>	<b>115,000,000</b>	<b>200,000,000</b>	<b>315,000,000</b>

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*Reports and Financial Statements*  
*For the year ended 30 June 2021*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. PURCHASE OF GOODS AND SERVICES**

	FY 2020/2021		FY 2019/2020		
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs Upto June 2020	cumulative to date Jun-21
Operational secretariat	10,437,857.00	-	10,437,857.00	-	10,437,857.00
Benchmarking	2,372,245.00	-	2,372,245.00	1,195,100.00	3,567,345.00
Workshops and Seminars	13,688,996.00	-	13,688,996.00	5,166,443.00	18,855,439.00
Institutionalizing Industry Linkages	7,729,794.00	-	7,729,794.00	-	7,729,794.00
Competency based Training	22,855,435.00	-	22,855,435.00	-	22,855,435.00
Training of school managers and trainers	0.00	-	0.00	-	0.00
Upgrading key training facilities and equipment	29,731,704.00	-	29,731,704.00	-	29,731,704.00
Outreach and Support to TVETs	2,733,000.00	-	2,733,000.00	-	2,733,000.00
	<b>89,549,031.00</b>	-	<b>89,549,031.00</b>	<b>6,361,543.00</b>	<b>95,910,574</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/21			2019/20		Cumulative to-date
	Payments made by the Entity in Cash Kshs	Payments made by third parties Kshs	Total Payments Kshs	Total Payments Kshs	Kshs	
Purchase of vehicles & other transport equipment	-	-	-	5,119,900	5,119,900	
Purchase of office furniture & general equipment	561,400	-	561,400	6,285,220	6,846,620	
<b>Total</b>	<b>561,400</b>	<b>-</b>	<b>561,400</b>	<b>11,405,120</b>	<b>11,966,520</b>	

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**4. CASH AND CASH EQUIVALENTS**

	2020/21 Kshs	2019/20 Kshs
Bank accounts (Note 4.1)	207,122,906	182,113,627.00
		119,710.00
<b>Total</b>	<b>207,122,906</b>	<b>182,233,337.00</b>

The project has one project account spread within the project implementation area and no foreign currency designated accounts managed by the National Treasury as listed below:

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4.1 Bank Accounts**

**Project Bank Accounts**

	2020/21 KShs	2019/20 KShs
<b>Foreign Currency Accounts</b>	-	-
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others ( <i>specify</i> )	-	-
<b>Total Foreign Currency balances</b>	-	-
<b>Local Currency Accounts</b>	-	-
Kenya Commercial Bank [A/c No 1266955216]	207,122,906	182,113,627
<b>Total local currency balances</b>	<b>207,122,906</b>	<b>182,113,627</b>
<b>Total bank account balances</b>	<b>207,122,906</b>	<b>182,113,627</b>

**Special Deposit Accounts**

The project does not maintain a special deposit account. It receives its funding through the Ministry of Education

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**4.2 Cash in Hand**

	2020/21	2019/20
	Kshs	Kshs
The Kisumu National Polytechnic	-	119,710
<b>Total cash balances</b>	-	<b>119,710</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. FUND BALANCE BROUGHT FORWARD**

	2019/20 KShs	2018/19 KShs
Bank accounts	182,113,627	-
Cash in hand	119,710	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
<b>Total</b>	<b>182,233,337</b>	<b>-</b>

**OTHER IMPORTANT DISCLOSURES**

**6.EXTERNAL ASSISTANCE**

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
External assistance received as grants	115,000,000.00	200,000,000.00
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	<b>115,000,000.00</b>	<b>200,000,000.00</b>

*a). External assistance relating loans and grants*

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
External assistance received as loans	115,000,000.00	200,000,000.00
External assistance received as grants	-	-
<b>Total</b>	<b>115,000,000.00</b>	<b>200,000,000.00</b>

**12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Annual work plans not approved by the National Steering Committee	As at the time of implementation of the annual work plans, the National steering Committee had not been formed	Resolved	
2	Direct procurement of conference facilities	Direct procurement method was used as justified in the professional opinion of the Supply chain Manager. Value	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		for money was achieved through market survey		
3	Unsupported daily subsistence allowances and consultancy	The payment vouchers in question have since been fully supported by attaching work tickets and attendance registers for accountability purposes	Resolved	

Principal Secretary



Project Coordinator

Date

22/11/2021

Date

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ANNEXES

ANNEX I - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget a	Actual on Comparable Basis b	Budget Utilization Difference c=a-b	% of Utilization d=b/a%	Comments on Variance(below 90% and over 100%)
<b>Receipts</b>					
World Bank Receipts	299,233,337	115,000,000	184,233,337	38%	-
<b>Total Receipts</b>	<b>117,000,000</b>	<b>115,000,000</b>	<b>184,233,337</b>		-
<b>Payments</b>					
Operational secretariat	27,839,387	10,999,257	16,840,130	40%	Covid 19 pandemic protocols has slowed down process
Benchmarking	5,804,900	2,372,245	3,432,655	41%	Covid 19 pandemic protocols has slowed down process
Workshops and Seminars	38,599,050	13,688,996	24,910,054	35%	Covid 19 pandemic protocols has slowed down process
Institutionalizing Industry Linkages	22,590,000	7,729,794	14,860,206	34%	Covid 19 pandemic protocols has slowed down process
Competency based Training	29,000,000	22,855,435	6,144,565	79%	
Training of school managers and trainers	32,500,000	-	32,500,000	0%	Covid 19 pandemic protocols has slowed down process
Upgrading key training facilities and equipment	129,020,000	29,731,704	99,288,296	23%	Covid 19 pandemic protocols has slowed down process
Outreach and Support to TVETs	13,880,000	2,733,000	11,147,000	20%	Covid 19 pandemic protocols has slowed down process
<b>Total Payments</b>	<b>229,233,337</b>	<b>90,110,431</b>	<b>209,122,906</b>	<b>30%</b>	

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**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Opening Cost	*Purchases/Additions in the Year	**Disposals in the Year	Closing Cost
	(KShs) 2019/2020	(KShs) 2020/2021	(KShs) 2020/2021	(KShs) 2019/2020
	(a)	(b)	(c)	(d)= (a)+ (b)-(c)
Transport equipment	5,119,900			5,119,900
ICT Equipment, Software and Other ICT Assets	5,319,460			5,319,460
Office equipment, furniture and fittings	965,760	561,400		1,527,160
<b>Total</b>	<b>11,405,120</b>	<b>561,400</b>		<b>11,966,520</b>

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**APPENDICES**


**Appendix I: Bank Reconciliation**


**Bank Reconciliation Statement**  
**As at 30th June 2021**

DETAILS				KSHS
BALANCE AS PER BANK STATEMENT				<b>210,187,174.00</b>
Add back: Uncredited cheques				
<b>DATE</b>	<b>DRAWER</b>	<b>CHEQUE NO</b>	<b>AMOUNT</b>	
30/6/2021	KISUMU POLYTECHNIC	'008327	90,149.00	
30/6/2021	KISUMU POLYTECHNIC	'008325	50,000.00	
			<b>140,149.00</b>	
Adjusted balance				<b><u>210,327,323.00</u></b>
<b>LESS: UNPRESENTED CHEQUES</b>				
<b>DATE WRITTEN</b>	<b>NO.</b>	<b>PAYEE</b>		
29/06/2021	'000134	THE NOBLE CONFERENCE CENTRE	161,000.00	
29/06/2021	'000139	SAINTS TRAVELS & SAFARIS LTD	81,050.00	
29/06/2021	'000138	MASADA HOTEL	453,000.00	
29/06/2021	'000137	SOSSA COTTAGES	30,000.00	
29/06/2021	'000136	TRAVELLERS BEACH HOTEL	408,200.00	
29/06/2021	'000135	HOTEL KUNSTE	202,500.00	
29/06/2021	'000132	LAKE NAIVASHA RESORT	375,905.00	
29/06/2021	'000133	NSSF	6,480.00	
29/06/2021	'000141	TKNP TRANSFER	943,800.00	

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29/06/2021	'000130	TAIDYS RESTAURANT LTD	471,724.00
29/06/2021	'000131	EAGLE PALACE HOTEL	70,758.00
<b>TOTAL</b>			<b>3,204,417.00</b>
<b>BALANCE AS PER CASHBOOK</b>			<b>207,122,906.00</b>

  
**Project Coordinator**  
 Asaka Nyangara

  
**Project Accountant**  
 Monica Mmbasu

\_\_\_\_\_  
**Chief Principal**  
 Catherine K. Kelonye

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 20xx
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance